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# THE *Demand and Price* SITUATION

BUREAU OF AGRICULTURAL ECONOMICS  
 UNITED STATES DEPARTMENT OF AGRICULTURE

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## SUMMARY

Prices received by farmers, which changed very little during the winter months, are likely to remain steady through most of the spring. However, if weather conditions are average, crop production is likely to be large again this year (on the basis of farmers' intentions to plant on March 1). Production of livestock and livestock products this year will probably exceed slightly that of last year. With export outlets diminishing, larger supplies of many farm products would be reflected in lower prices later this year.

With coal mining operations resumed, a continued high rate of economic activity and its attendant strong demand for farm products are expected for the next several months. By late March, steel output, which had declined to 74 percent of capacity in the first half of March, rose to over 95 percent later in the month. In the first quarter of 1950, automobile production and construction activity were appreciably higher than a year ago. Although unemployment was at a postwar high in early February, it was largely due to a greater expansion in the labor force than in employment. Total nonagricultural employment was the highest on record for that month.

Consumer incomes remain high. They have been substantially augmented in recent months by veterans' insurance refunds. Retail sales in the first two months of 1950 were slightly above a year ago with automobile sales up sharply. Sales of home furnishings were also larger than a year ago, a reflection of the record rate of residential building. Sales by food stores were at approximately the same level as in early 1949, while sales of apparel stores were off sharply.



## ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base period	1949				1950	
		Year	Feb.	Nov.	Dec.	Jan.	Feb.
Industrial production <u>1/</u>	1935-39						
Total.....	=100	176	189	173	179	183	180
All manufactures.....	do.	183	196	179	188	193	191
Durable goods.....	do.	201	225	181	203	209	207
Nondurable goods.....	do.	168	173	177	176	179	179
Minerals.....	do.	134	148	141	132	130	118
Construction activity <u>1/</u>	1935-39						
Contracts, total.....	=100	368	294	462	456	422	436
Contracts, residential.....	do.	471	301	627	625	600	623
Wholesale prices <u>2/</u>							
All commodities.....	1926=100	155	158	152	151	152	153
All commodities except farm and food.....	do.	147	152	145	145	146	146
Farm Products.....	do.	166	168	157	155	155	159
Food.....	do.	161	162	159	156	155	157
Prices received and paid by farmers <u>3/</u>	1910-14						
Prices received, all prod.....	=100	249	255	237	233	235	237
Prices paid, interest, taxes and wage rates.....	do.	250	252	245	246	249	248
Parity ratio.....	do.	100	101	97	95	94	96
Consumers' price <u>2/</u> <u>4/</u>	1935-39						
Total.....	=100	169	169	169	168	167	166
Food.....	do.	202	200	201	197	196	195
Nonfood.....	do.	151	152	150	151	150	150
Income							
Nonagricultural payments <u>5/</u>	Bil. dol.	191.4	191.0	191.3	194.5	199.5	
Income of industrial workers <u>3/</u> .....	1935-39 =100	325	340	313	323	322	
Factory payrolls <u>2/</u> .....	do.	346	362	334	351	351	
Weekly earnings of factory workers <u>2/</u>							
All manufacturing.....	Dollars	54.94	55.20	54.74	56.40	56.33	56.37
Durable goods.....	do.	58.03	58.49	57.34	59.56	59.44	59.43
Nondurable goods.....	do.	51.46	51.33	52.07	52.73	52.82	53.27
Employment							
Total civilian <u>6/</u> .....	Millions	58.7	57.2	59.5	58.6	56.9	57.0
Nonagricultural <u>6/</u> .....	do.	50.7	50.2	51.6	51.8	50.7	50.7
Agricultural <u>6/</u> .....	do.	8.0	7.0	7.9	6.8	6.2	6.2
Government finance (Federal) <u>7/</u>							
Income, cash operating.....	Mil. dol.	3,698	3,893	2,965	4,263		
Outgo, cash operating.....	do.	3,553	3,259	3,427	4,061		
Net cash operating income or outgo.....	do.	- 105	+ 635	- 462	+ 202		

Annual data for the years 1929-49 appear on page 19 of the March 1950 issue of The Demand and Price Situation.

Sources: 1/ Federal Reserve Board, converted to 1935-39 base. 2/ U. S. Dept. of Labor, BLS. 3/ U. S. Dept. of Agriculture, BAE, to convert prices received and prices paid interest, taxes and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Consumers' price index for moderate-income families in large cities. 5/ U. S. Dept. of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Dept. of Commerce, Bureau of the Census. 7/ U. S. Dept. of Treasury. Data for 1949 are on average monthly basis.

Commodity highlights

Prices of hogs throughout 1950 are expected to average lower than in 1949. Average prices of fed cattle next fall are unlikely to reach levels of a year earlier. Except for seasonal changes, prices of milk used for manufactured dairy products will remain stable through 1950. Prices for milk for fluid use, however, are declining, reflecting the uptrend in production. Although egg prices will show some seasonal rise in late summer and fall, they will continue under levels of a year earlier. Prices for the 1950 wheat crop are expected to fall below the loan following harvest, but will average close to it for the marketing year as a whole. Prices for most fruits in April and May probably will increase over March levels. Prices received by farmers for 1949 crop potatoes are expected to rise less than seasonally in April and May.

## OUTPUT AND EMPLOYMENT

Industrial activity in February continued high despite work stoppages in coal and in some automobile plants. The Federal Reserve Board's index of industrial production, seasonally adjusted, was down only 3 points to 180 (1935-39=100), as rates of output in industries not affected by the stoppages were maintained at high levels.

Lower rates of steel and automobile production resulted in a decline in the durable goods index from 209 in January to 207 in February. Steel operations during February averaged less than 90 percent of rated capacity, compared with 94 percent in January. Automobile production was also down from the near-record January level as a result of complete shutdowns of some plants and the elimination of overtime work in others because of coal shortages. Activity in most other durable goods industries was virtually unchanged from January.

Production of nondurable goods in February was maintained at the near-record January level. The index of nondurable goods output was 179, the same as in January and only 1 percent below the postwar peak. Increased rates of output in the manufactured foods, paper and products and leather industries were offset by small declines in output of textiles, chemicals, rubber and petroleum and coal products.

Output of minerals was off 9 percent from January to February as coal production dropped sharply. Crude petroleum output was slightly higher than in the previous month.

Although complete data for March are not yet available, preliminary reports indicate that by the latter part of the month total industrial activity had about regained the relatively high level prevailing in January. Coal mining operations were resumed on a full-scale, and steel output which dropped to 74 percent of capacity in early March rose above 95 percent later in the month. For the next two months, industrial activity is likely to continue high. The rebuilding of depleted stocks of coal will assure high level activity in mines for at least two months. Steel activity will also remain high in response to a persistent demand, and continued high construction activity will give support to high rates of output of lumber and other building materials and household appliances. Automobile production will also continue high in response to the strong



demand which is being reflected in the current heavy volume of sales. Motor vehicle output in the first three months of 1950 has been at an annual rate of about 6.4 million units, compared with the record of 6.2 million units produced in the year 1949.

New construction activity again declined less than seasonally in February. The total value of new construction started was 1.4 billion dollars, off 5 percent from January, but 21 percent higher than a year earlier. Outlays from November-February were the highest for that period in history.

Private new construction expenditures amounted to 1.1 billion dollars, about 19 percent above February 1949, although industrial building, commercial and public utility construction continued below year-ago levels.

Private new nonfarm homebuilding continued to contribute a major share to total construction activity. Expenditures on nonfarm residential construction in February, at 600 million dollars, were 50 percent greater than a year earlier and accounted for more than 42 percent of all new construction outlays. About 80,000 new nonfarm units were started in February, the same as in January but about 30,000 greater than in February 1949.

Public expenditures declined 6 percent from January to 336 million dollars, reflecting for the most part a seasonal drop in highway construction. Compared with a year earlier, however, expenditures on public projects were up 26 percent.

Total civilian employment in February, was unchanged from the previous month. At 57.0 million, the number employed was only 200,000 below the February peak reached in 1949. Nonagricultural employment, unchanged from the level of January, was the highest on record for February. About 50.7 million persons were employed in nonfarm industries in February, 500,000 above February a year earlier and 300,000 greater than the previous February peak attained in 1948.

Table 1.- Civilian labor force, employment and unemployment, estimated February totals in selected years 1/

	Civilian labor force	Civilian employment Total (Million persons)	Non- agricultural	Unemployment
February				
1941	53.9	46.9	39.3	6.9
1947	58.0	55.5	48.6	2.5
1948	59.8	57.1	50.4	2.6
1949	60.4	57.2	50.2	3.2
1950	61.6	57.0	50.7	4.7

1/ Based on sample surveys made during the calendar week containing the 8th day of the month.

Note: Details will not add to totals because of rounding.

Bureau of the Census.



Despite the continued high level of total employment, the number of unemployed continues to increase, primarily reflecting the expansion in the civilian labor force. At stable levels of output, rising productivity per worker is another factor which may increase unemployment but reliable data on the extent of its influence in the current situation are not available. In February, the civilian labor force increased to 61.6 million persons from 61.4 million in January. This rise was reflected in an equal increase in the number of persons unemployed, which was estimated at 4.7 million persons, the highest since August 1941. The number of persons unemployed 15 weeks or longer rose from 940,000 in January to 1,100,000 in February. In February 1949, the number of long-term unemployed was 431,000.

Comparable February totals on the civilian labor force, employment, and unemployment for the year 1941 and for recent postwar years are shown in Table 1. From February 1941 to February 1947 the civilian labor force increased by about 4.2 million persons. The expansion in total business activity during this period, however, resulted in an increase in total employment of about 8.6 million persons and an even greater rise in nonagricultural employment, since farm employment declined. As a result, the number of unemployed declined from 6.9 million persons in 1941 to a postwar February low of 2.5 million persons in 1947. Between 1947 and 1948, the expansion of economic activity continued to absorb additional workers but since 1948 employment has failed to keep pace with the expansion in the civilian labor force. While total employment in February was near a record for that month unemployment rose to a postwar high.

#### INCOME AND RELATED FACTORS

Total personal income, seasonally adjusted, rose from December to January largely as a result of payments of veterans' insurance dividends which were begun in mid-January. The annual rate, seasonally adjusted, was 218.4 billion dollars in January, compared with 211.9 in December and 214.6 billion in January a year earlier. After allowance for dividends paid to veterans, which amounted to about 450 million dollars, or an annual rate of about 5.4 billion, personal income totaled 213.0 billion. The increase in the adjusted total from December was entirely due to a smaller than seasonal decline in farm income. Non-agricultural personal income, adjusted for veterans dividends, was slightly below December, reflecting a small drop in wage and salary receipts. Total receipts from wages and salaries in January were at an annual rate of 134.1 billion, compared with 134.4 in December and 135.9 in January 1949. Increases in pay rolls in most durable goods manufacturing industries and in construction were more than offset by a sharp drop in mining pay rolls and seasonal declines in pay rolls in the manufactured food, textile products and stone, clay and glass groups.

A step up in the rate of insurance dividend payments from January and continued high level industrial and construction activity in February and March are likely to be reflected in a further rise in estimated personal income for those months, despite the sharp drop in mining pay rolls resulting from the labor dispute.

The value of department store sales in February was slightly lower than in the previous month, after allowance for seasonal variation. The Federal Reserve Board's index of department store sales, seasonally



adjusted, was 280 (1935-39=100), compared with 282 in January, and 283 in February 1949. From January 1 through March 18 sales were 3 percent below those of a year earlier. So far this year a brisk demand for furniture and home appliances has increased sales of these items substantially above a year earlier. Sales of most soft goods, however, have been somewhat below those of last year.

Total retail sales in February, after seasonal adjustment, were about 1 percent higher than in January and 3 percent above February 1949. The rise was rather general with most groups showing increases from January. Automobile sales were 2 percent larger than in January and 19 percent larger than in February 1949. Homefurnishing sales were also larger, increasing 4 percent over January and 16 percent above a year previous.

Sales by nondurable goods stores were slightly larger in February than in January, but 2 percent less than in February of last year. Apparel sales were down 3 percent compared with January and 8 percent below February 1949. Sales by food stores were almost 2 percent larger than in January and about the same as in February last year.

Total consumer credit outstanding declined seasonally from the post-war record of 18.8 billion dollars at the end of December to 18.3 billion dollars at the end of January. A year previous, consumer credit totaled 15.7 billion dollars. Almost all of the increase over a year ago occurred in installment credit, particularly automobile sale credit.

U. S. exports continued to decline in January 1950 while imports rose. In that month, the export value of all commodities was 735 million dollars, 21 percent less than in December and 33 percent smaller than in January 1949. The value of imported commodities in January 1950 was 622 million dollars, 5 percent above December and 7 percent larger than in January a year ago.

Agricultural exports in January were valued at 224 million dollars, the smallest since October 1946. January agricultural exports were 25 percent below December and 31 percent less than in January 1949. Compared with a year ago, the export value of foods was down 46 percent. The value of agricultural nonfoods exported was down only 1 percent with an increase in cotton exports almost offsetting sharply lower exports of tobacco and other agricultural nonfoods.

#### COMMODITY PRICES

The over-all level of wholesale prices increased slightly in February as prices of farm products and foods rose. The BLS index of wholesale prices was 152.7 (1926=100) compared with 151.5 in January and 158.1 in February a year earlier. Prices of industrial items as a group were virtually unchanged from January. In late February and March somewhat lower prices of farm products and foods resulted in a fractional decline in the average of all commodities from that of mid-February. In the week ending March 21, prices of farm products were off .9 percent from four weeks earlier; those of food, 2.0 percent. Industrial prices averaged about the same as four weeks earlier with slight declines in textile products, and fuel and lighting materials offsetting increases in building materials and chemicals.



Table 2.- Group indexes of wholesale prices, week ended March 21, 1950  
with comparisons

Group	(1926=100)			:Week ended Mar. 21, 1950	
	: Week : ended : Mar. 21, : 1950	: Week : ended : Feb. 21, : 1950	: Week : ended : Mar. 22, : 1949	: percentage change from : Week ended : Feb. 21, : 1950	: Week ended : Mar. 22, : 1949
All commodities	: 151.7	: 152.5	: 158.3	- .5	- 4.2
Farm products	: 157.4	: 158.9	: 171.1	- .9	- 8.0
Food	: 155.2	: 158.3	: 163.0	-2.0	- 4.8
All other than farm and food	: 145.4	: 145.3	: 150.6	+ .1	- 3.5
Textile products	: 136.2	: 137.0	: 142.3	- .6	- 4.3
Fuel and lighting materials	: 130.1	: 130.5	: 134.0	- .3	- 2.9
Metals and products	: 169.6	: 169.4	: 174.4	+ .1	- 2.8
Building materials	: 192.9	: 191.5	: 198.9	+ .7	- 3.0
Chemicals and allied products	: 116.5	: 115.3	: 121.1	+1.0	- 3.8

Bureau of Labor Statistics.

Wholesale prices in the week ending March 21 averaged 4.2 percent lower than a year earlier. Prices of all groups of commodities were below a year ago with prices of farm products, foods, textiles, and chemical products down the most.

Prices paid by moderate income families in large cities declined in February. The BLS index of consumer prices in February was 166.5 (1935-39=100) .2 percent below January and slightly more than 1 percent below February last year. Declines in average prices paid for food and clothing more than offset higher rents and increases in prices paid for fuel and housefurnishings.

In mid-March farmers received prices averaging about the same as a month earlier. The BAE index of prices received by farmers was 237 (1910-14=100) compared with 237 in February and 258 in March 1949. The average of prices received for all crops combined was the same as in the previous month as a rather sharp decline in prices of truck crops about offset higher prices received for food grains, feed grains, cotton and fruit, and oil bearing crops. Prices received for livestock and livestock products averaged slightly higher than in February. A seasonal decline in prices received for dairy products was more than offset by higher average prices received for meat animals and poultry and eggs.

Table 3.- Group indexes of prices received by farmers March 15, 1950  
with comparisons

(1910-14=100)					
Group	Mar. 15, 1950	Feb. 15, 1950	Mar. 15, 1949	:March 15, 1950 per- centage change from	
				Feb. 15, 1950	Mar. 15, 1949
Food grains	224	219	226	+ 2	- 1
Feed grains and hay	174	171	176	+ 2	- 1
Cotton	236	231	242	+ 2	- 2
Tobacco	389	389	403	0	- 3
Oil-bearing crops	230	228	261	+ 1	-12
Fruit	193	186	207	+ 4	- 7
Truck crops	168	203	235	-17	-29
All crops	215	215	232	0	- 7
Meat animals	308	306	327	+ 1	- 6
Dairy products	243	250	254	- 3	- 4
Poultry and eggs	165	155	215	+ 6	-23
Livestock and products	258	257	281	<u>1</u> /	- 8
Crops and livestock and products	237	237	258	0	- 8

1/ Less than one-half percent increase.

In mid-March prices received by farmers averaged 8 percent lower than a year earlier with crop prices down 7 percent and prices of livestock and products off 8 percent. Prices received for all subgroups of commodities were below those of a year earlier; food grains were down only slightly, but prices received for oil-bearing crops, truck crops and poultry and eggs were off sharply from year-ago levels.

Slightly higher food and feed prices and further increases in prices paid for livestock raised the BAE index of prices paid by farmers, interest, taxes, and wage rates to 250 (1910-14=100) in mid-March, compared with 248 in February and 255 in March 1949. The rise in this index from February and the unchanged level of prices received lowered the parity ratio in mid-March (index of prices received divided by index of prices paid, interest, taxes and wage rates) to 95, 1 point below February and 6 points below March 1949.



## FARM INCOME

Farmers' receipts from marketings in March were about 1.7 billion dollars, 8 percent below receipts in March of last year. Prices received by farmers averaged about 8 percent below a year ago. The total volume of marketings was about the same as in March 1949.

March receipts from livestock and livestock products were around 1.2 billion dollars. Increased marketings only partially offset the decline in prices from last March, and cash receipts from livestock and products were 4 percent below a year ago. Receipts from meat animals were about the same as last March. Receipts from dairy products were down slightly from a year ago. Poultry and egg receipts in March were well below a year ago.

Crop receipts in March were a little more than 0.5 billion dollars, 15 percent below last March. Crop prices averaged 7 percent lower than last year, and the volume of marketings was also down. Receipts from fruits and tobacco probably were as great or greater than last March, but receipts from all other crop groups were lower than a year ago.

The revised estimate of total cash receipts in January is 2.24 billion dollars, or only 2 percent less than a year earlier. This decline is smaller than previously estimated, mainly because the volume of crops placed under Government loan in January turned out to be much larger than had been anticipated.

Cash receipts in the first quarter of 1950 are estimated at 5.6 billion dollars, 5 percent below the corresponding period in 1949. Crop receipts were 2.2 billion dollars, slightly below a year ago, and livestock receipts were 3.4 billion dollars, 6 percent less than receipts in the corresponding period last year. The totals are down for all commodity groups except feed crops, tobacco, and fruit, each of which showed a substantial gain. The most severe declines were in poultry and eggs, wheat, and vegetables.

## LIVESTOCK AND MEAT

Hog prices in March this year averaged about \$4.00 per 100 pounds below March 1949 and \$10.00 per 100 pounds below the high level of March 1947. Prices of hogs throughout the spring and early summer are nevertheless expected to be a little above average in relation to the price of corn, which is less than the loan rate. Based on this slightly favorable hog-corn price ratio and the March report of prospective plantings which indicated that planted acreages of corn will be somewhat greater than acreage allotments, a small increase is likely in the number of sows to farrow fall pigs in 1950. The increase from the preceding year is likely to be the smallest in three years. However, lighter slaughter weights of hogs and the growth in United States population probably will keep supplies of pork per person in the spring and summer of 1951 about the same as those this year.



Demand for pork has weakened since 1948, and prices of all pork products are sharply lower. The greatest decline has been in prices of fat cuts and lard. Although most of this postwar adjustment in demand and prices has already occurred, prices of hogs are expected to be lower throughout 1950 than in 1949. Declines in 1951 may be small. The best indication at present is that prices of hogs at the time the 1950 fall pig crop is marketed will be somewhat lower than this year, the price of corn will be nearer the loan rate and therefore higher than this year, while the hog-corn ratio will be about average. If this outlook proves correct, profits from the hog enterprise will no longer have the benefit of the unusually favorable price relationships that have prevailed since July 1948.

As marketings of hogs increased in March, the price declined. The U. S. average price received by farmers in March was 10 cents below the support of \$16.20 per 100 pounds. The average price at 7 markets declined below the support guide in the last three weeks of the month. No support for prices of hogs after March 31 had been announced by the end of the month. As 1949 fall pigs come to market in greater numbers in the next month or two, a further decline in prices is likely. Slaughter in April to mid-June will probably be considerably larger than a year earlier.

Prices of stocker and feeder cattle have continued to climb, and in March were up to the 1948 record high for the month. Their relationship to current prices of Good grade slaughter steers is above average. However, the price gain, or feeding margin, on cattle bought as stockers or feeders this March and sold next fall will probably be smaller than in recent years. Prices of slaughter steers in fall months are not expected to be as high this year as last. Peak marketings of fed cattle are expected to be later this year than in 1949, and although a seasonal price advance will probably begin about mid-summer following the present seasonal decline, it is unlikely to carry prices to as high a point as was reached last year.

The early spring lamb crop was 2 percent larger this year than last. The increase, the first in 9 years, represented the higher proportion of ewes lambing before March 1 in the Southeastern States and Missouri. The combined early and late crop in those States is likely to be smaller than last year, because ewe numbers are down. Except in the Pacific Coast States where cold weather retarded growth of feed and development of lambs, spring lambs were making good progress on March 1.

#### DAIRY PRODUCTS

Prices received by farmers for wholesale milk are running nearly 10 percent below the 1949 level. For the manufacturing milk portion of this commodity, prices will remain stable through 1950, except for seasonal changes, since the major items being purchased to support milk prices are now about at announced levels. Prices received for fluid milk, however, are being reduced, reflecting an upturn in milk production as well as the usual spring time increase. The average for the two in 1950 will be below the 1949 average of \$4.00 per 100 pounds for all milk sold at wholesale despite expected seasonal increases later in the year.



Prices for butterfat are practically stable at just a little under last year's level. Support purchases continue large for nonfat dry milk and have been resumed for butter following a winter lull.

Milk production began the year 1950 at a record annual rate (in January and February) of 123 billion pounds reflecting partly, very favorable weather. This rate may fall off somewhat during the flush season, when changes in milk production per cow from year to year are smaller. But with cow numbers now increasing, total milk flow in 1950 will exceed the 1949 production of 119.1 billion pounds and may exceed the previous record of 121.5 billions reached in 1945.

Retail milk prices during the past year have been reduced. Total consumption of fluid milk and cream apparently has increased slightly. The increase in total milk flow has been divided almost equally between fluid milk and manufactured dairy products. In January the increase was distributed over most of the major processed items. In that month, output of American cheese and dry whole milk only was smaller than a year earlier.

Retail prices of most dairy products have declined moderately over the past year and now are approximately in line with support prices on manufactured dairy products. From the postwar peaks, retail prices have dropped 14 percent for dairy products, compared with 8 percent for all foods. Butter prices have declined relatively much less than margarine prices.

#### POULTRY AND EGGS

Although egg prices will show some seasonal rise in late summer and fall they will continue under the levels of a year ago. In March, prices were 29 percent under a year ago. Almost the same percentage relation may persist through much of 1950.

In mid-March the average price received by farmers for eggs was 31.6 cents. This was 2.0 cents above the low level which prevailed in February, when the United States average price was at the lowest monthly level in almost 6 years. The gains in egg prices which had been continued through the third week in March were largely attributed to the active interest in the commercial coal storage of eggs, both in the shell and frozen for use later in the year. Other dispositions for eggs, such as immediate consumption, price support purchase, and hatching, are not exceeding last year's volumes by as great an extent as is storage, whether measured on either an absolute or relative basis. Monthly egg production on farms in the months from September 1949 through January 1950 was at record levels for the respective months.

The Federal price support program for eggs has been extended another month without change. This provides for the continued purchase through April of dried whole egg from processors who have paid producers an average of not less than 25 cents per dozen. On April 21 it was announced that U. K. had bought 31.8 million pounds of dried egg at a price returning 22 cents per pound to CCC.



Chicken prices in March, at 23.8 cents per pound, were higher than the 5 months immediately prior, but otherwise the lowest since the spring of 1946. Current marketings of chickens from farms are probably near their seasonal low and fresh supplies are being supplemented by withdrawals from cold storage.

At the beginning of March, reports from commercial hatcheries indicated that 1 percent more eggs were in incubators than a year ago. Farmers' stated intentions of buying 12 percent fewer chicks for flock replacements in 1950 than in 1949 may be borne out later, since on March 1 bookings of chicks for April delivery were down 23 percent from a year ago. Since 1930, April hatchings have been larger than in any other month of the year.

#### FATS AND OILS

The index number of wholesale prices of twenty-six major fats and oils (excluding butter) was about 150 (1935-39=100) in March compared with 146 in February and 174 in March 1949. Prices of edible vegetable oils increased, with prices of crude cottonseed and soybean oils (f.o.b. mills) advancing about 1.5 cents from February to an average of about 13 cents per pound in March. The price of lard and inedible tallow and greases remained about the same.

CCC purchased 810,000 tons of 1949-crop cottonseed through February 15, the terminal date for the program. Through March 15, CCC had resold nearly 140,000 tons and had contracted for the crushing of about 650,000 tons. Ten million pounds of crude oil produced from this seed were offered by CCC for sale in March. The price to domestic buyers was 13.125 cents per pound (f.o.b. mills) and to exporters, the market price on date of sale. The CCC holdings of cottonseed and cottonseed oil at the end of March, around 200 million pounds in terms of oil, probably represent the marginal supply of edible vegetable oils for the 1949-50 marketing season. The CCC selling price of cottonseed oil and the quantities offered each month are likely to be a major factor in the market for these oils until mid-summer.

Exports and shipments of fats and oils (including oil equivalent of oilseeds) totaled 170 million pounds in January. This is 36 million more than December 1949 and 40 million pounds more than a year earlier. Exports and shipments in 1949 totaled a record 2,273 million pounds, more than double the 1948 figure and more than four times the 1937-41 average. The leading items exported in 1949 were: Lard, 662 million pounds; soybean oil and the oil equivalent of soybeans, 587 million; inedible tallow, 362 million; peanut oil and the oil equivalent of peanuts, 203 million; and cottonseed oil, 116 million pounds.

Imports in January 1950 totaled 158 million pounds (including oil equivalent of oilseeds), almost 60 million more than in January 1949. Imports in 1949 amounted to 1,108 million pounds compared with 1,275 million in 1948 and the 1937-41 average of 2,017 million pounds.

Public Law 459, approved by the President March 16, and to become effective next July 1, repeals the Federal excise taxes of 10 cents per pound on manufacturers' sales of colored margarine and one-fourth cent per



pound on manufacturers' sales of other margarine. The special annual taxes on manufacturers, wholesalers, and retailers of oleomargarine are also repealed. In addition, the law includes provisions for special identification of colored margarine in retail stores and public eating places. Advertising suggesting that margarine is a dairy product is prohibited.

Repeal of the special taxes on distributors of margarine probably will result in an increase in the number of retail stores selling margarine. With the Federal tax differential between colored and uncolored margarine removed, the colored product will tend to replace the uncolored in the 32 States that do not prohibit the sale of colored. These States contain about 60 percent of the United States population. In the last two years, eight States have repealed prohibitions against the sale of colored margarine.

#### CORN AND OTHER FEED

Prices of most feeds have advanced since early February, and in March feed prices generally were close to the level of a year earlier. Strength in feed grain prices reflects the smaller "free" supplies (excluding quantities under loan or owned by the Government) than last year, and the sharp drop in market receipts of corn in recent months. The mid-March average price of corn was \$1.19 per bushel, 17 cents higher than the seasonal low point reached in mid-November, but 21 cents per bushel below the national average loan rate. Oats and barley prices have been at or little above the loan levels since January.

The course of feed grain prices this summer and fall will be influenced to a considerable extent by prospects for the 1950 crops. A smaller corn acreage is in prospect in 1950, and with an average growing season the supply for 1950-51 would be smaller than in either of the past two years, particularly supplies of "free" corn. In this event, corn prices probably would be maintained nearer the loan rate in 1950 than in 1948 or 1949. Under present legislation, 1950 corn loans will again be based on 90 percent of parity. But the 90 percent loan will be restricted to farmers in the commercial corn-producing area who plant within their acreage allotments. As for other feed grains, no announcement has yet been made regarding loans which are not mandatory under the Agricultural Act of 1949.

On March 1 farmers indicated their intentions to reduce the 1950 corn acreage to 82.7 million acres, 6 percent below the 1949 acreage and to increase acreages of other feed grains. The total acreage of feed grains indicated by farmers' intentions is 159 million acres, slightly larger than the total acreage of 1949. If yields by States are equal to the 1944-48 average for recent years, production of the four feed grains in 1950 would be about 10 percent below the large production in 1949, but around 15 percent above the 1937-41 average. This would give a smaller total supply of feed grains in 1950-51, even with the large carry-over in prospect, than in either of the past 2 years, but larger than in any year prior to 1948.



## WHEAT

Unless growing conditions are below average for the remainder of the growing season, the wheat crop will again exceed domestic disappearance and exports, and prices for the 1950 crop will fall below the loan following harvest but should average close to it for the marketing year as a whole.

Indicated production of the winter wheat crop will again be forecast on April 10. In December, a winter wheat crop of 885 million bushels was forecast by the Crop Reporting Board. Production of spring wheat has not yet been estimated. However, if yields per seeded acre should equal the average of the past five years on the acreage indicated by farmers' March intentions, about 300 million bushels would be produced. This would give a total wheat crop of 1,185 million bushels. With a domestic use of near 700 million bushels, a crop of this size, together with a prospective carry-over of about 440 million bushels, would provide about 925 million bushels for export in 1950-51 and for carry-over July 1, 1951. If yields on the intended spring wheat acres should equal the average of the past 2 years, only about 250 million bushels would be produced. This would reduce the quantity for export and carry-over to about 875 million bushels.

Condition of fall-sown grains continues unusually favorable in most European areas. Available information points to some net increase in seedings, since increases reported for a number of countries especially the United Kingdom, Germany, Poland, Rumania, and Italy appear to outweigh small declines in some of the less important producing countries. Moisture reserves in the Prairie Provinces of Canada up to freezing time were reported at 72 percent of normal. While this is above the 64 percent of a year earlier, reserves are nevertheless considerably below normal, and distinctly unfavorable to yield prospects for the 1950 spring wheat crop.

Total disappearance of wheat in 1949-50 is now expected to be about 1,015 million bushels. Domestic use may total about 687 million, consisting of 491 million for civilian and military food, 81 for seed and 115 for feed. Exports July-February totaled 212 million and shipments to Territories of the United States 3 million. If exports for March-June are increased slightly above the 8-month average rate, the total for the year would be 325 million bushels. This would leave a carry-over July 1, 1950 of about 440 million bushels, compared with 307 million July 1, 1949. The highest carry-over was 631 million in 1942 and the prewar (1932-41) average was 235 million.

Cash wheat prices on March 24 were generally 5-10 cents above loan levels, but still below meeting accrued charges. These prices have not resulted in greatly increased selling by farmers, and suggest that a further advance will be necessary to release any considerable quantity of wheat remaining from the 332 million bushels placed under the loan program. Contributing to the firm holding attitude has been the continued dry conditions in important winter wheat producing areas. Wheat deliveries to CCC from the current programs together with quantities held from the previous crop and procured by market purchases will result in a large part of the carry-over next July 1 being held by CCC.



## FRUIT

Prices for most fruits in April and May probably will increase slightly over March levels. Prices generally have advanced since the first of the year, mainly because of strong demand. In mid-March, grower prices for most citrus fruits were substantially higher than a year earlier, while prices for apples and pears were still considerably lower.

Movement of Florida oranges to processors has been especially heavy through mid-March this season, taking more than 60 percent of the commercial sales in contrast to not quite half of such sales a year earlier. For the U. S. as a whole, nearly half of the commercial sales of oranges have been processed, compared with about 40 percent last year. Mainly because of the strong processor demand this season, prices received by growers and prices at terminal markets have moved sharply upward since December. With processor demand continuing strong and marketings in Florida consisting of Valencia oranges (which usually bring higher prices than early and mid-season oranges) at least some seasonal increase in average prices received by farmers for oranges seems likely this spring. Total supplies of oranges remaining to be marketed after mid-March were moderately larger than a year earlier.

Movement of grapefruit to processors also has been heavy this season, taking nearly 60 percent of marketings through mid-March compared with about 54 percent a year earlier. Supplies remaining to be marketed after mid-March, mostly from Florida, were about as large as those remaining a year earlier. Grower prices for grapefruit started the season last fall at levels about three times those of the fall of 1948, but declined as marketings increased. In mid-March they were still about twice those of March 1949. With remaining supplies of grapefruit much smaller than usual and demand continuing strong, slight increases in prices seem probable this spring.

Cold-storage holdings of apples and pears on March 1, 1950 were about average for that time of year although considerably larger than holdings on March 1, 1949. Prices for the rest of the season may increase slightly but still remain considerably below prices last spring. Through March 25 this season, the Government had purchased slightly over 3 million bushels of fall and winter apples for use in the School Lunch program and institutional feeding outlets. During the same time, about 1.9 million bushels of apples had been declared for export under the Government export-payment program.

Grower prices for strawberries during April and May probably will not be quite as high as in these months of 1949, mainly because of larger production. However, some support to prices is expected to result from a strong demand for strawberries for freezing. The early spring crop, which is marketed mostly in March and April, is estimated to be about 76 percent larger than the small 1949 crop. Cold-storage holdings of frozen strawberries on March 1, 1950 were about 58 percent smaller than the unusually large stocks a year earlier, while total holdings of frozen fruits were 12 percent smaller.



## COMMERCIAL TRUCK CROPS

For Fresh Market

Prices which farmers will receive for most fresh vegetables marketed this April and May probably will be moderately lower than those received for the same crops in the spring of 1949. Preliminary estimates of acreages for spring harvest, covering 14 of the 21 spring crops, show a combined acreage 12 percent more than last year and 16 percent above average. Indicated spring acreage is considerably smaller than last spring for cauliflower and moderately smaller for early covered acreage of cantaloups. Acreage is down slightly for beets and shallots. Spring acreage of other crops indicated thus far vary from equal to last year, to very much larger than last year. Largest acreage increases are for spring onions and early spring tomatoes.

Reports of planting intentions indicate summer acreage may be slightly larger than last year for cabbage, onions, and watermelons.

For Processing

In general, acreages planted to truck crops for commercial processing this year are expected to be about as large as last year, but prices received by growers may be slightly lower. As of early March, processors' intentions indicated the probability of about the same acreage of green peas as last year. Winter season production of spinach for processing in California and Texas is indicated to be moderately smaller than last winter, but slightly above the 1939-43 average. This winter season production generally accounts for about 3/5 of the United States total spinach processed.

## POTATOES AND SWEETPOTATOES

With the very large stocks of potatoes on hand, it seems probable that prices received by farmers for 1949-crop potatoes will rise less than seasonally in April and May. Price-support purchases from this crop through March 8 totaled a little more than 33 million bushels. By the same date a year earlier, 92 million bushels of 1948-crop potatoes had been bought for price support.

Rail movement of the 1950 potato crop is increasing, but through the week ended March 4 had not reached 300 cars per week. Through March 8, nearly 62 thousand bushels of 1950 potatoes had been bought for price support, but new potatoes in general have been bringing support prices or better.

Farmers' intentions in early March indicated the probability of about 2 percent less acreage to be planted to potatoes this year than last, but about 10 percent more acreage in sweetpotatoes. If potato yields in each State should equal the 1948-49 average, production from the prospective acreage of potatoes would amount to 389 million bushels, considerably more than would be required to meet anticipated demand at support levels. If sweetpotato yields in each State were to equal the 1944-48 average, production from the prospective acreage would amount to about 6 percent more bushels than the 1949 crop.

Little change is expected in April and May in prices received by farmers for sweetpotatoes. Prices received by farmers have averaged lower. The large supply of sweetpotatoes available compared with a year earlier,



the general plentifulness of other fresh vegetables, and the slightly lower level of demand this year than last are believed to be the major factors accounting for the lower prices this year.

### COTTON

Prices for cotton, after advancing steadily for more than three months, declined a little in late February and early March. The peak spot price thus far this season for Middling 15/16 inch was reached on February 25 and averaged 32.51 cents per pound, nearly 3 cents or 10 percent above the spot price at the beginning of the advance in mid-November. By late March, Middling 15/16 inch had declined to 31.86 cents, which was about the same price as a month earlier but .67 cent below a year earlier.

With prices well above the loan rate, redemptions from CCC loan stocks have been high. As of the week ending March 16, redemptions were 582,800 bales. Reported loans for the season through March 16 totaled 3,142,000 bales.

Domestic mill consumption and exports continue at levels well above last season. For the first half of the 1949-50 season, total disappearance of cotton was 6,753,000 bales, compared to 6,084,000 bales for the corresponding period in 1948-49. Exports accounted for 36 percent of the 1949-50 total, compared with 31 percent a year earlier.

Practically all gray goods mills are booked well into or through the second quarter and some mills, particularly print cloth, are reported to be booked as far ahead as the fourth quarter. Despite these advanced mill orders, consumption on a daily rate basis will probably drop off somewhat during the remaining months of the season but total consumption should end the season about 3/4 million bales above the 1948-49 total of 7.8 million bales.

### WOOL

The average price received by farmers for shorn wool in March 1950 was 49.6 cents per pound, grease basis. This compares with 48.7 cents received in February 1950 and 52.1 cents in March of last year. The average price for the year 1949 was 49.3 cents compared with 48.8 cents in 1948.

At mid-March, prices of both domestic and imported wool at Boston were at the same level as a month earlier. Territory fine staple combing wool was quoted at \$1.63 per pound, scoured basis, on March 10. On that date, open market prices for domestic fine and half-blood combing wools ranged from 3 percent for territory fine French combing to 10 percent for territory fine staple combing below the corresponding prices for March 1949. However, prices of fine and half-blood clothing, three-eighths blood combing, and semi-bright fleece wools except low quarter-blood were higher than a year ago. The increases ranged from 2 percent for territory three-eighths blood combing to 30 percent for semi-bright fleece fine clothing wools.

Imports of dutiable wool during January totaled 45 million pounds, actual weight, the largest quantity imported in any one month since March 1948. Imports of duty-free wools amounted to 32 million pounds, actual weight.

Consumption of apparel wool by domestic mills during January totaled 31 million pounds, scoured basis. The average weekly rate of consumption during the month, 7.8 million pounds, was 10 percent above the rate for the previous month and 5 percent above the rate in January 1949.



The wool price support level for the 1950 clips will average 45.2 cents per pound, 90 percent of the parity price in March. This is 2.9 cents higher than the support level of 42.3 cents per pound for the past several years. Changes in differentials between grades will result in material advances in the purchase prices for fine wools, but in some reductions from last year's purchase prices for medium and coarse wools.

#### TOBACCO

An active demand for the cigarette tobacco types is expected in 1950. The 1949 crops of flue-cured and Burley were sold at relatively favorable prices although they averaged a little lower than in the previous season. The 1949 crop of Maryland will start to auctions on May 2. The crop estimated at 41 million pounds is one-sixth larger than in the previous year, while stocks in the hands of dealers and manufacturers on January 1, 1950, were about 3 percent less than a year earlier. The support level for 1949 Maryland tobacco is 5 percent lower than a year ago; and in view of the large supply, prices are not likely to average as high as last season's 54.5 cents per pound. Tax-paid withdrawals of cigarettes in January-February were slightly above those of the same months in 1949 and exceeded those of any other January-February on record. High cigarette consumption is likely to continue during 1950, and leaf prices will probably be near or a little above those of last season. Much of the 1950 crops of flue-cured and Burley will be marketed in the last half of this calendar year. The parity price for both flue-cured and Burley as of March 15, 1950, was 49 cents per pound. The support level on these types is computed at 90 percent of parity at the beginning of their respective marketing years (July 1 for flue-cured and October 1 for Burley).

The demand for non-cigarette tobacco in the 1950 marketing season will probably not be greatly different than last season. The January-February consumption of smoking and chewing combined increased a little over that of the same period a year ago but use of snuff declined. The increased consumption of lower-priced cigars has tended to partially offset the decreases in the medium-priced bracket. Support prices on fire-cured and dark air-cured will probably be a little higher than last season and for most cigar tobacco, may be quite a bit higher.

Farmers' intentions on March 1 indicated a 1 1/2 percent larger acreage of flue-cured than last year's harvested acreage. If yields per acre are the same as the 1945-49 average, flue-cured production would approximate nearly 1,100 million pounds this year compared with 1,112 million pounds in 1949. Burley, fire-cured, and dark air-cured intended acreages were down somewhat--reflecting the decrease in acreage allotments from a year ago. Maryland acreage intentions indicated a 4 percent increase compared with a year ago. Acreage indications of most types of cigar tobacco in 1950 were upward from last year's harvested acreage. However, growers of Connecticut Valley Shadegrown, type 61, and Southern Wisconsin binder, type 54 indicated smaller acreage than last year.

Exports of unmanufactured tobacco were sharply lower in January 1950 than in January 1949. This was mostly due to the relatively small shipments to Germany, which contrasted with an unusually large quantity that went into Germany in January 1949. ECA financial assistance during 1950, while smaller than in 1949, is expected to continue to aid United States tobacco exports.



## ECONOMIC TRENDS AFFECTING AGRICULTURE

Annual Data

Item	Unit or base	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949
<b>Industrial production 1/</b>																						
Total	1935-39=100:	110	91	75	58	69	75	87	103	113	89	109	125	162	199	239	235	203	170	187	192	176
All manufactures	do.	110	90	74	57	68	74	87	104	113	87	109	126	168	212	258	252	214	177	194	198	183
Durable goods	do.	132	98	67	41	54	65	83	108	122	78	109	139	201	279	360	353	274	192	220	225	201
Nondurable goods	do.	93	84	79	70	79	81	90	100	106	95	109	115	142	158	176	171	166	165	172	177	168
Minerals	do.	107	93	80	67	76	80	87	99	112	97	106	117	125	129	132	140	137	134	149	155	134
<b>Construction activity 1/</b>																						
Contracts, total	1935-39=100:	204	160	110	49	44	56	64	96	103	111	125	141	212	289	118	71	118	267	274	331	368
Contracts, residential	do.	213	122	91	32	27	29	52	91	100	110	147	176	218	201	98	39	64	350	348	397	471
<b>Wholesale prices 2/</b>																						
All commodities	1926=100	95	86	73	65	66	75	80	81	86	79	77	79	87	99	103	104	106	121	152	165	155
All commodities except farm and food	do.	92	85	75	70	71	78	78	80	85	82	81	83	89	96	97	98	100	110	135	151	147
Farm products	do.	105	88	65	48	51	65	79	81	86	68	65	68	82	106	123	124	128	149	181	188	166
Food	do.	100	90	75	61	60	70	84	82	86	74	70	71	83	100	107	105	106	131	169	179	161
<b>Prices received and paid by farmers 3/</b>																						
Prices received, all products	1910-14=100:	148	125	87	65	70	90	109	114	122	97	95	100	123	158	192	196	206	234	275	285	249
Prices paid, interest, taxes and wage rates	do.	160	151	130	112	109	120	124	124	131	124	123	124	132	152	170	182	189	207	240	259	250
Parity ratio	do.	92	83	67	58	64	75	88	92	93	78	77	77	93	104	113	108	109	113	115	110	100
<b>Consumers' price 2/</b>																						
Total	1935-39=100:	122	119	109	98	92	96	98	99	103	101	99	100	105	116	124	126	128	139	159	171	169
Food	do.	132	126	104	86	84	94	100	101	105	98	95	97	106	124	138	136	139	160	194	210	202
Nonfood	do.	118	116	111	103	97	97	97	98	101	102	102	102	105	113	116	120	123	128	140	149	151
<b>Income</b>																						
Nonagricultural payments	Bill. dol.	76.8	70.7	60.1	46.2	43.0	49.5	53.4	62.8	66.5	62.1	66.3	71.5	86.1	109.4	135.2	150.5	155.7	158.5	173.5	188.8	191.4
Income of industrial workers 3/	1935-39=100:	134	110	84	58	61	76	86	100	117	91	105	119	167	238	320	335	291	276	328	354	325
<b>Factory payrolls 2/</b>																						
Weekly earnings of factory workers 2/	do.	128	103	78	54	58	74	86	99	118	91	106	121	176	257	352	366	312	289	348	374	346
<b>Weekly earnings of factory workers 2/</b>																						
All manufacturing	Dollars											23.86	25.20	29.58	36.65	43.14	46.08	44.39	43.74	49.97	54.14	54.94
Durable goods	do.																			52.46	57.11	58.03
Nondurable goods	do.																			46.96	50.61	51.46
<b>Employment 2/</b>																						
Total civilian	Millions	47.6	45.5	42.4	39.0	38.8	40.9	42.3	44.4	46.3	44.2	45.8	47.5	50.4	53.8	54.5	54.0	52.8	55.2	58.0	59.4	58.7
Nonagricultural	do.	37.2	35.1	32.2	28.8	28.7	31.0	32.2	34.4	36.5	34.6	36.2	38.0	41.2	44.5	45.4	45.0	44.2	46.9	49.8	51.4	50.7
Agricultural	do.	10.4	10.3	10.3	10.2	10.1	9.9	10.1	10.0	9.8	9.7	9.6	9.5	9.1	9.2	9.1	9.0	8.6	8.3	8.3	8.0	8.0
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**Sources:**

Sources: Federal Reserve Board; indices of construction converted to 1935-39 base.

2/ U. S. Department of Labor. Bureau of Labor Statistics, factory payrolls converted to 1935-39 base.

2/ U. S. Department of Labor, Bureau of Labor

3/ U. S. Department of Agriculture, Bureau of

multiply by .93110 and .79872 respectively.

4/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates.

4/ U. S. Department of Commerce revised figures, seasonally adjusted to annual rates.

5/ U. S. Department of Labor for years 1929-39. From 1940 to date, Bureau of the Census.

5/ U. S. Department of Labor for years 1929-39. From 1940 to date, Bureau of Economic Analysis.

6/ U. S. Department of Treasury Figures are on monthly average basis.

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